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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 11/08/06

INDEX:

(1) Japan, Australia to enter EPA talks with focus on beef, flour, etc.

(2) FTA proposed for all APEC member nations: US concerned about integration of East Asia; China, ASEAN likely to oppose US involvement

(3) Bases and options -- 2006 Okinawa gubernatorial race (Part 2): Government steadily developing plans behind the scenes

(4) Propriety of nuclear debate: Argument that Japan should go nuclear is unrealistic: Yukio Okamoto, international affairs consultant

(5) Interview with former defense chief Fukushiro Nukaga on the North Korean nuclear issue: Collaboration among five members of six-party talks necessary

(6) Questions and answers about the debate on reform of the education board system: Abe administration intends to deepen the government's involvement

ARTICLES:

(1) Japan, Australia to enter EPA talks with focus on beef, flour, etc.

YOMIURI (Page 11) (Full)

November 8, 2006

The governments of Japan and Australia yesterday held working-level talks in Canberra with a view to starting talks on the signing of an economic partnership agreement (FPA) featuring a free trade agreement (FTA). Participants of the meeting agreed to aim at embarking on talks in the new year. They hope to see a formal agreement reached at the summit between Prime Minister Abe and Australian Prime Minister Howard to be held on the sidelines of the East Asia summit to be held in the Philippines in December.

The case in point before entering EPA talks with Australia is how to treat Japan's key trade items, such as beef, dairy products and flour. No agreement was reached on this issue at yesterday's meeting. The scrapping of tariffs on those items is bound to have a serious impact on domestic agriculture. Agriculture Minister Matsuoka noted, "We should not start talks with Australia before working out how to handle key items." Tokyo and Canberra will speed up final-stage efforts to sort out the issue.

(2) FTA proposed for all APEC member nations: US concerned about integration of East Asia; China, ASEAN likely to oppose US involvement

YOMIURI (Page 11) (Full)
November 8, 2006

It has been learned that a draft declaration to be released at the summit to be held on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum meeting would include a call for looking into the feasibility of a free trade area for the Asia and Pacific (FTAAP) initiative in response to a strong request from the US. The US is increasingly alarmed about moves to integrate Asian economies,

TOKYO 00006432 002 OF 009

an initiative being promoted by the Association of Southeast Asian Nations (ASEAN). It aims at deepening its involvement in Asia through APEC. Since China and ASEAN are expected to oppose this move by the US, coordination of views to approve the statement will likely be complicated.

US aim

The concept of an FTA involving all APEC members has thus far been proposed only at the private sector level. If APEC leaders share the same view as the private sector on having an APEC FTA as mentioned in the draft declaration, the feasibility of adopting such an initiative will move a step forward. The US intends to give momentum to its FTAAP proposal over the next year through joint research with APEC member nations on challenges and advantages in materializing the initiative.

What motivated the US to attach importance to APEC in its trade strategy toward East Asia is Washington's concern that with China increasing its economic presence in Asia through a proposed FTA with ASEAN, an economic bloc might be formed in East Asia without US participation.

Regarding the economic integration of Asia, a direction for trade liberalization policy and how efforts to realize such should be made were adopted at ASEAN summits and ASEAN plus Three -- Japan, China and South Korea - meetings held on the sidelines of the ASEAN summits. Both meetings take place in November or December every year.

A number of initiatives proposed

Japan has also proposed an East Asia Economic Partnership Agreement (EPA) and an East Asia-version of the Organization for Economic Cooperation and Development (OECD). Talks for realizing those initiatives have also kicked off. Sixteen countries - ASEAN Plus Three Plus Three (India, Australia and New Zealand) -- are taking part in the talks.

APEC and East Asian nations include newly emerging markets with high economic potential, such as Russia, India and China. The European

Union (EU) is also increasingly strengthening its efforts to sign FTA's with Asian countries, such as ASEAN.

Using APEC is apparently the most realistic means for the US to get involved in the process of the economic integration of Asia. Japan sees that the US is motivated by the desire to wrench-open the Asian market, using APEC, as a government source put it. This source also noted, "APEC members will probably agree by and large with the US idea of launching a joint study of an FTA at the Hanoi summit."

Binding power

China, which is increasing its economic impact on ASEAN, is strongly opposing US involvement, however.

China already proposed the East Asia Free Trade Area Initiative targeting ASEAN, Japan, China and South Korea in 2004. Opposing the US move, it insists, "Liberalization among ASEAN Plus Three should be promoted before an FTA for all APEC members."

The degree of liberalization and developments of the economies of 21 APEC members largely differs. Even factoring out the US motive of

TOKYO 00006432 003 OF 009

trade strategy, APEC members are expected to encounter considerable difficulties in actually pressing ahead with economic integration.

As a feature, APEC is a mild consultative framework that does not bind its members to accept liberalization of trade and investment. However, the US has proposed at high working-level meetings held in preparation for the Hanoi APEC meeting, letting some liberalization measures promoted by APEC members be equipped with binding power.

There is concern that if the US continues to strengthen its move to reinforce the functions of APEC, the sense of wariness about the US move would heighten mainly among developing countries, escalating discord within APEC.

(3) Bases and options -- 2006 Okinawa gubernatorial race (Part 2): Government steadily developing plans behind the scenes

ASAHI (Page 3) (Abridged slightly)
November 8, 2006

The ruling camp's "face of the election" was not Abe but Obuchi.

Representing the ruling coalition, Yuko Obuchi (daughter of the late prime minister who now holds his Diet seat) attended Hirokazu Nakaima's pep rally on Nov. 3, the day after Okinawa gubernatorial election campaign officially kicked off.

Obuchi said on the podium:

"Gov. Keiichi Inamine's father, the late Ichiro Inamine, who served as an Upper House member, took good care of my father. My father decided to host the Okinawa Summit in return for his kindness. We must not stop the cooperative trend created by Gov. Inamine and the central government."

Yuko Obuchi's father, former Prime Minister Keizo Obuchi, picked Okinawa as the venue for the 2000 G-8 Summit, but he passed away three months before the landmark event. "In Okinawa, Obuchi carries greater weight than Abe and Koizumi," a senior Liberal Democratic Party lawmaker noted.

Okinawa was returned to Japan during the Sato administration and an agreement was reached between the Hashimoto administration and the United States to return Marine Corps Air Station (MCAS) Futenma to Japan. The Obuchi administration also endeavored to strengthen ties to Okinawa. But the clock seems to have stopped since then.

The Okinawa Summit was hosted by Obuchi's successor, Yoshiro Mori, whose administration was short-lived. In May, the Koizumi administration reached a final agreement with the United States on force realignment. But the administration made little effort to coordinate views with affected municipalities. Even asked by Okinawa

lawmakers for changes to the government plan, Koizumi always said curtly, "I have no intention of altering it."

The Okinawa issue is not high on the Abe administration's list of priorities. There was a sign of this.

A consultative body composed of Tokyo, Okinawa, and affected municipalities held its inaugural meeting on Aug. 29, a month before the LDP presidential election. The meeting was void of a seat for Abe, who was certain to become Koizumi's successor.

TOKYO 00006432 004 OF 009

It was just after the LDP and the New Komeito decided to field Nakaima as Inamine's successor. "No matter who becomes the new governor, I think Mr. Abe thought that touching on the Okinawa issue was dangerous," a senior Defense Agency official explained.

The Abe administration has a strong tendency to regard Okinawa-related issues as a risk.

Minister for Okinawa Affairs Sanae Takaichi's comment in late October that the government would link the base relocation issue to its package of economic incentives drew fire from affected municipalities.

The sensation created by Takaichi's comment has heightened Kantei's (Prime Minister's Official Residence) sense of alarm toward Okinawa affairs, according to a Cabinet Office official responsible for economic measures.

Plans are being made behind the scenes with an eye on the days after the gubernatorial election.

The Defense Agency will come up with a fiscal 2007 budget that will include a new subsidy system linked to progress in the planned base relocation. The agency also aims to submit to next year's regular Diet session a 10-year legislation enabling the country to offer economic stimulus measures and bear the Guam relocation cost.

Even if Nakaima loses to Keiko Itokazu, the candidate backed by the opposition bloc, the government and the ruling coalition will consider a special measures law to shift the power to authorize the use of the surface of public waters from prefectoral governors to the central government.

The government has reportedly told President George W. Bush through US Ambassador to Thomas Schieffer that Itokazu's victory could hinder the envisaged force realignment.

"The view that the Bush administration will be troubled in such a case is not correct. It will be the Okinawa public that will be troubled by it," a former US official said. The White House's basic stance is, "If Japan does not want it, we won't push it."

At the same time, there are strong expectations in the US government that even if the new governor opposes the plan, Prime Minister Abe will implement the bilateral agreement by taking appropriate measures, such as a special measures law. The Defense Agency has reportedly conveyed such a scenario to the US government.

The US Defense Department is working out a master plan for building military facilities in Guam on the assumption that Okinawa Marines and their families will move there. The department also established a joint Guam program office in late August.

The Guam project is closely associated with the Futenma relocation. A lack of progress in Japan for over two years would markedly delay the Guam relocation, according to the office. "It's not good to build facilities first and leave them unused for years," the office said. A delay in Japan would force the US Marine Corps to miss the 2014 Guam relocation deadline.

Tokyo and Washington officials are watching the gubernatorial race from afar. But they cannot stay on the landing forever. Sooner or later their determination to implement the US force realignment

final agreement, including the Futenma relocation project, will be tested.

(4) Propriety of nuclear debate: Argument that Japan should go nuclear is unrealistic: Yukio Okamoto, international affairs consultant

SANKEI (Page 1) (Full)
November 8, 2006

I think the argument that Japan should arm itself with nuclear weapons is not realistic. This conclusion should come out in short-time discussion even if we do not mention that Japan is the sole victim in the world of atomic bombs.

First, Japan, unlike India and Pakistan, is a member nation of the Nuclear Nonproliferation Treaty (NPT). It also ratified the International Atomic Energy Agency's (IAEA) additional protocol designed to require countries to accept rigorous inspections.

Second, although Iran is an NPT member but allegedly has developed nuclear weapons secretly, it is impossible for Japan to construct an underground factory.

If Japan decides to develop nuclear weapons, it first would have to withdraw from the NPT. In such a case, Japan, like North Korea, would be driven into isolation and be placed under sanctions while meeting stern condemnation from the international community. Unlike "Generallissimo" Kim Jong Il in our neighbor, the Japanese people of today are so mentally fragile that they cannot endure such pressure.

Third, should Japan withdraw from the NPT, the nation would have to suspend its nuclear fuel cycle, and atomic power generation would eventually stop. Some persons courageously say that Japan should have nuclear weapons, but I doubt that there is realistic evidence for this argument.

I wonder if such advocates know how difficult it is for a nation to possess and keep nuclear weapons. I once visited a nuclear missile base in Wyoming. Within the base complex, 150 Minuteman III missiles are deployed. They are spread in a wide area, equivalent to Shikoku Island's total area, with the aim of preventing the missile base from being completely destroyed by foreign military attacks. To possess nuclear weapons, huge land and money are necessary. In Japan, financial authorities have gradually decreased the number of even F-2 fighters for this or that reason, although the fighter is the nation's treasure. Under such a tight budget, what can Japan do?

Given this, there is no need to worry about discussing the possibility of a nuclear option for Japan and reaching a natural conclusion. The propriety of Japan's introduction of US nuclear weapons also should be discussed. In the early 1980s, the Soviet Union deployed intermediate-range SS20 missiles taking aim at Europe. Faced with a national crisis, West German Chancellor Kohl deployed in West Germany the US Pershing II and GLCM (Ground Launched Cruise Missile) missiles over objections within the nation. He made a bold decision on the issue that divided the public. The result was that the Soviet Union made concessions and scrapped all its SS20 missiles in exchange for having the Pershing II and GLCM missiles removed from Germany. Kohl saved Germany, and he worked for the sake of national defense.

TOKYO 00006432 006 OF 009

Assuming if Kohl were the prime minister of Japan, what would he do? He might decide to introduce US nuclear weapons. North Korea, an abnormal state, might ignore it, but China would turn pale when learning about the deployment of US nuclear weapons its neighboring country. China would do its best to persuade North Korea to scrap its nuclear programs with the aim of letting Japan remove the US

nuclear weapons.

An introduction of US nuclear weapons will politically cost too much, so it is not a proper option for Japan. The sole way Japan should choose for its national security is to keep the credibility of the current Japan-US security arrangements by further deepening the bilateral relationship.

Under the current severe global circumstances, however, a nuclear option should be naturally discussed in other independent states. Being told not to discuss even such theme is tantamount to being told to be an ostrich putting its head in the sand.

Japan is now faced with only threats from North Korea. China declared in 1998 that it would stop pointing its nuclear missiles at the US, but that nation has yet to make a similar declaration toward Japan. This means that there is a possibility of China launching missiles at Japan.

What is worse, Chinese atomic submarines carrying nuclear missiles are navigating in waters near Japan. It seems to be a taboo in terms of relations with China to deem that nation a military threat.

Being told not to say this or that, we stop making statements. By only doing so, will Japan's national security be ensured? The question of whether Japan should arm itself with nuclear weapons is the most important theme for the nation. A discussion that is necessary for Japan's safety must be thoroughly discussed without being sealed off, even though temporary friction occurs inside and outside the nation. Doing so is our responsibility for the benefits of future generations.

(5) Interview with former defense chief Fukushiro Nukaga on the North Korean nuclear issue: Collaboration among five members of six-party talks necessary

TOKYO SHIMBUN (Page 2) (Full)
November 8, 2006

Questioner: What has been the overall impact of North Korea's nuclear test?

Nukaga: Any increase in the number of nuclear powers will have an impact on global peace and stability. North Korea's defiance in carrying out nuclear testing, even though the international community had been urging it not to do so, is a provocative act in violation of the Nuclear Nonproliferation Treaty. It must be resolutely denounced for it. The sanctions resolution against the North that the United Nations Security Council adopted unanimously is the trend in the international community.

Questioner: Japan and other countries have not recognized North Korea as a nuclear power.

Nukaga: We must not accept North Korea's possession of nuclear weapons as an accomplished fact. I understand that the range of

TOKYO 00006432 007 OF 009

their missiles has been extended since the launch of the Taepodong-1 in 1998 and ballistic missile launches in July. The North's missile technology has steadily improved. If such is taken into account, we must conclude that North Korea poses a threat to Japan. There is also concern that North Korea's nuclear weapons and missiles may fall into the hands of other countries and terrorist organizations.

Questioner: The expectation is that the six-party talks will be resumed.

Nukaga: We must avoid the situation of seeing the six-party talks turn into disarmament talks and that North Korea returns to the talks as a new nuclear power. The five countries should take concerted action in urging Pyongyang to take concrete steps, including abandoning its nuclear programs and dismantling its nuclear facilities.

Questioner: How about specific roles of the five countries?

Nukaga: In past negotiations, the five countries mainly offered carrots to North Korea, but no agreement has ever been reached on sticks. China, which has major influence over North Korea, should apply more pressure on Pyongyang. Beijing has to exercise its leadership as a responsible superpower, taking advantage of its alliance with the North. South Korea has pushed ahead with a conciliatory policy, but North Korea conducted a nuclear test. This is the proof of the failure of Seoul's policy of placing emphasis on dialogue with Pyongyang. South Korea also should step up pressure on the North.

Questioner: South Korean Foreign Affairs and Trade Minister Ban Ki Moon and US Under Secretary of State Nicholas Burns recently visited Japan.

Nukaga: Japan and the United States are allies, as are the United States and South Korea. So cooperation is important. It is necessary for the five countries, including China and Russia, to constantly cooperate and take action in unison. If the five nations do not cooperate in implementing sanctions, the UNSC resolution will never produce any effect.

Questioner: There are views calling for recognizing a regional contingency.

Nukaga: Situations in areas surrounding Japan correspond to emergency situations. Japan must ascertain North Korea's moves. I would like to think about such should tensions grow more. However, Japan needs first to exchange views with the United States, South Korea and China before deciding that such a situation exists.

(6) Questions and answers about the debate on reform of the education board system: Abe administration intends to deepen the government's involvement

TOKYO SHIMBUN (Page 2) (Full)
November 5, 2006

Okihiko Iwata, Haruka Osugi

Calls for reviewing the present board of education system are rising in conjunction with two issues: a succession of children committing suicides due to bullying at school, and the failure of many high schools to teach certain compulsory courses. There is a broad range

TOKYO 00006432 008 OF 009

of debates on the review of the current board of education system from strengthening the functions of the system to dismantling it. What are some of the problems associated with the boards of education and what needs to be revised?

Question: What is a board of education?

Answer: It is a council in charge of things relating to school education, lifelong learning, and promotion of arts, culture, and sports. Every prefecture, city, town, and village is obligated to establish a board of education respectively. Each board of education is not under the control of the prefectural governor or the mayor of the city, town, or village.

Q: Why is it independent from the head of a local government?

A: That's because neutrality and fairness are required in education. The purpose is to avoid any influence of the head of a local government or a certain political group.

Q: Well then, is the system of the board of education functioning properly?

A: It's hard to say so. Regarding the recently revealed problem of the failure of high schools to teach certain compulsory subjects, the school principal was held accountable, but the boards of education that failed to check to see whether the curriculum was appropriate should also have been seen as a problem. The failure is attributable in part to the cozy relationship between the

superintendent of the board of education and teachers, given that the post of superintendent has been almost always been occupied by former teachers. Another conceivable reason is that the members of the board of education are part-timers, so they do not actually engage in educational administration. State Minister in Charge of Regulatory Reform Genichiro Sata criticizes the current state of the board of education, raising this question: "Is it enough for nonprofessional part-timers to gather only once or twice a month?"

Q: It is difficult to understand why a board of education must be established in every prefecture, city, town and village.

A: Relations between the prefectural, city, town, and village boards of education are so complicated that it is unclear who is responsible and who has power and authority. For example, school personnel at a municipal primary school are classified as employees of a municipal government, but the authority over personnel issues lies with the prefectural board of education. That's why even though there might be a known bad teacher at one school, the local board of education cannot do anything about it.

Q: Is it a wise policy for the central government to engage in reforming the system of the board of education?

A: Considering Prime Minister Shinzo Abe's views of education and the state, he surely wants to strengthen the central government's involvement in the reform of the board of education. State Minister Sata, as well, treats education on part with foreign policy and defense affairs, and he has stated, "The central government will guide and supervise."

But the government's engagement could give rise to criticisms like "state control." The government's Council for the Promotion of Regulatory Reform has come up with a report suggesting that the

TOKYO 00006432 009 OF 009

regulations requiring each municipality to establish a board of education be repealed, and that power and authority be put in the hand of the school principal on the responsibility of the head of a municipality. In short, in view of decentralization of authority (to local governments) and deregulation, the central government's involvement in education goes against the spirit of regulatory reform.

Q: We hear there have been calls for dismantling the board of education system.

A: The opposition Democratic Party of Japan (Minshuto) asserts that the board of education system should be abolished, and that the head of the local municipality should serve as the top responsible official for educational administration. But the problem about this idea is that there may emerge a big difference in educational administration from one community to the next. Incidentally, from a political point of view, the ruling coalition parties are unlikely to accept the opposition party's proposal. At any rate, the reform of the board of education system is a difficult issue because it involves the intricate relationship of education, local autonomy, and deregulation.

SCHIEFFER